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SOURCE

Chinese newspaper, Liao-nan Jih-pao (Liao-nan Daily), No 298, 8 May 1948. (Translation specifically requested.)

NEW INDUSTRIAL AND COMMERCIAL POLICY OF THE SHANSI-HOPEH-SHANTUNG-HONAN CENTRAL BUREAU

The Chinese Communist Shansi-Ropeh-Shantung-Roman Central Bureau recently issued a directive governing industry and commerce to correct the Leftist trend in these fields. The gist of the new directive is as follows:

- 1. Hereafter there will be no confiscation of and opposition to any private industrial or commercial enterprise. All enterprises, including those owned by the landlords and rich farmers, are guaranteed protection. Landlords and rich farmers are given the right to retain hand-operated equipment, such as spinning and weaving machinery, etc., to carry on their production. Investments by these classes in industries and commercial enterprises are to be encouraged.
- 2. It is mandatory that confiscated industrial and commercial enterprises of landlords and rich farmers be returned unconditionally, provided that the confiscated property has not already been distributed. However, in cases where the allocation of an enterprise amounted to no more than a transfer of the capital stocks to the masses, or where there was no actual physical distribution changing the composition of the property, it is required that such property be returned to the original owner.

Any business man lacking sufficient capital is given the right to apply for a government loan, such loan to be made on a low- or non-interest basis.

In the case of an industry or business belonging to a person who has fled the area, the government is held responsible for maintaining its operation until the owner returns.

However, the industrial or commercial enterprise of a bureaucratic capitalist or an extreme antirevolutionalist will be disposed of by the border region government or administrative office. This action cannot be questioned by any group, organization, or individual. Once the property has been confiscated, it cannot be reallocated, and operation must continue without interruption.

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3. Labor unions and branches of the Party are required to cooperate with factory owners to promote economic development. Wages that are too high must be lowered through an agreement between the factory owner and the workers. Any oppression or exploitation of workers in public or private enterprises is forbidden.

Factory managers will organize three-men committees to promote production. It is suggested that this system be adopted first by the state-controlled enterprises to set an example for the private enterprises to follow.

b. Any ideology of monopolistic control by state-controlled industries must be eliminated. The people should work toward the establishment of an economy based on both state-controlled and private enterprises which would benefit both capital and labor.

All state-controlled enterprises which are harmful to the development of private enterprises must cease operations. Economic warfare must be waged against the enemy, but the laws governing it must be simple and clear. There must be absolute freedom of trade within the liberated areas, and all marketing controls now being imposed by the villages must be abolished and the organization of stock exchanges improved or abolished.

The Government Finance Bureau is required to cooperate with the Central Trade Corporation in granting loans throughout the year to promote production, and is responsible for issuing currency when necessary. The main function of the Central Trade Corporation is to stimulate the market and stabilize prices. The corporation, however, is not responsible for financial administrative matters.

- 6. All Party organs, units, factories and shops will receive direct guidance from the Party committee concerned or the government (Industrial and Commercial Control Bureau), and all special privileges are abolished. All private enterprises will be given equal treatment. Enterprises operating illegally will be brought back into line and closely supervised.
- 7. Restrictions will be placed on burdeneous taxes or industry and commerce now being imposed by local offices. The border region government is the only agency authorized to assess taxes; no other agency can assess or increase taxes on their own. The income tax rate on profit accrued by the industrial and commercial enterprises has been set at about 15 percent. Discussions will be held presumably between the government and the taxpayers to decide the method of collecting the taxes.
- 8. The general land law cancels all debts, but it does not apply to current commercial and industrial debts.
- 9. Regulations governing the functions and administrative system of the cooperatives will be issued. There will be stricter supervision over cooperatives to prevent illegal activities. There will be a reorganization of the cooperatives and a strengthening of leadership. Surply of resources will be regulated under a planned production progress. Cooperatives lacking sufficient capital may receive low-interest loans from banks for expansion and development.
- 10. There will be intensified training of military units in connection with policies regarding cities, industry, and commerce /presumably the new policy of protection of grivate enterprise.

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11. It has been decided to hold an Industrial and Commercial Conference on 15 May 1948 to insure the success of this new policy with representatives from state-controlled enterprises, private enterprises, and the government. Past failures and successes will be analyzed, and the industrial and commercial policies of other districts and cities will be studied.

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